



TERRY E. BRANSTAD, GOVERNOR

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IOWA UTILITIES BOARD
DEPARTMENT OF COMMERCE

July 8, 1996

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FCC

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
Room 222, 1919 M Street NW
MS 1170
Washington, DC 20554

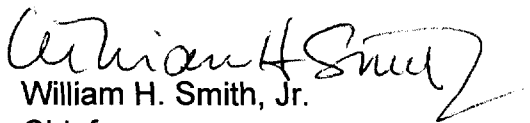
RE: Ex parte Comments on CC96-45 Universal Service

Dear Mr. Caton:

Enclosed for filing in the above docket are an original and twelve copies of the Ex parte Comments of the Iowa Utilities Board. Two of the copies are annotated as "Extra Public Copy."

Please stamp one of the enclosed copies, and return it in the enclosed postage-paid envelope.

Sincerely,


William H. Smith, Jr.
Chief
Bureau of Rate & Safety Evaluation

Enclosures

cc: International Transcription Service
Common Carrier Bureau
Telecommunication Reports News Office



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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Universal Service Funds

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CC Docket No. 96-45

Ex parte Comments of the Iowa Utilities Board

The Iowa Utilities Board (IUB) appreciates the willingness of the FCC to hear concerns relating to the orders issued May 8, 1997, so the FCC will have an opportunity to address these issues in its sua sponte order, as it sees fit. The issues the IUB raises from the Universal Service rule making have also been raised by other entities and states, but the FCC should be apprised that the State of Iowa is also concerned about these issues and will preserve its options to either seek formal reconsideration or take these issues to court if the FCC chooses not to reconsider its analysis and conclusions.

ELIGIBILITY OF STATE NETWORKS TO RECEIVE UNIVERSAL SERVICE FUNDS

The IUB requests the FCC clarify that state networks are eligible to receive universal service funds. The IUB believes state networks with facilities providing advanced services to schools and libraries should be eligible and should not be penalized for their foresight and initiative in providing these services to schools and libraries prior to the Telecommunications Act.

ELIGIBLE TELECOMMUNICATIONS CARRIERS (Paragraphs 154-177)

Section 214(e) gives the States the responsibility to designate eligible carriers. The FCC has unlawfully usurped this authority through its issuance of detailed, prescriptive rules in this area. While the substance of the rules may be useful for the states to consider in making the designations, the FCC can achieve its objective by providing this information as recommended guidelines rather than as prescriptive rules.

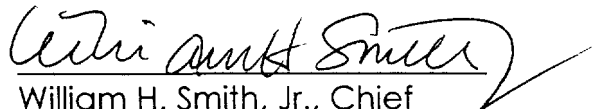
INTERSTATE/INTRASTATE ISSUES

The Board understands the FCC's position that the issues relating to the assessment of interstate and intrastate revenues may not yet be ripe for review. However, the IUB wishes to place the FCC on notice that it does

not believe the Telecommunication Act provides the FCC with "clear and unambiguous" authority to assess intrastate revenues to fund the federal universal service fund. The Act is clear that the FCC has the authority to assess carriers that provide interstate services for the fund. However, reference is made repeatedly with respect to the State authority over intrastate revenues. The State's decision to establish a universal service fund and make assessments on intrastate revenues is discretionary. The only limitation or mandate to the States is that their funds not be inconsistent with the FCC's rules. However, the FCC's structure of the universal service fund makes the State's participation mandatory. This structure exceeds the FCC's responsibility to establish a Federal universal service fund.

These issues constitute the primary areas with which the IUB has concerns with the FCC's rules. The IUB commends the FCC for its hard work and dedication to the cause but requests the FCC take a hard look to ensure the proper respect is given federal/state jurisdictional lines.

Respectfully submitted,



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July 8, 1997